

PTO/PCT Rec'd 20 OCT 2000

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PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Application No.: 09/486,315  
Filed: February 18, 2000  
Inventor(s):  
Tony Whitley

§ Examiner: Unknown  
§ Group/Art Unit: 5071  
§ Atty. Dkt. No: 5496-00400

Title: COMMUNICATION  
APPARATUS AND  
METHOD FOR LOCATING  
STORED ENTRIES IN AN  
ELECTRONIC  
TELEPHONE DIRECTORY

CERTIFICATE OF MAILING 37 C.F.R. § 1.8	
I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to Assistant Commissioner for Patents, Box PCT, Washington, DC 20231, on the date indicated below.	
Elda T. Gonzalez _____ <i>Elda T. Gonzalez</i> Signature	Printed Name _____ 10/17/00 Date

**PETITION REQUESTING ACCEPTANCE OF APPLICATION**  
**UNDER 37 C.F.R. § 1.47(b)**

Assistant Commissioner for Patents  
Washington, D.C. 20231

Sir:

Maxon Systems Inc. (London) Ltd. ("Maxon") hereby petitions the Patent Office to accept the above-referenced application under 37 C.F.R. §1.47(b) on behalf of the inventor, Tony Whitley, who cannot be found or reached after diligent effort. In support of this petition applicant submits the following information:

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(1) Applicant has enclosed an inventor's declaration, signed by Jai Chang Yang, an Officer of Maxon. The inventor's declaration includes the full name, residence,

Tony Whitley  
09/486,315

post office address, and citizenship of the non-signing inventor. The inventor's declaration was signed by Mr. Jai Chang Yang, an Officer of Maxon.

- (2) The inventor's declaration states that the inventor (Tony Whitley) was "an employee for Maxon Systems at the time of the invention." The relationship between the applicant and the inventor is that the applicant (Maxon) was the inventor's employer at the time of the invention.
- (3) Applicant includes a Declaration Pursuant to 37 C.F.R. §1.47(b) (**Exhibit A**), signed by Jai Chang Yang, showing that the inventor could not be found after a diligent effort.
- (4) The last known address of Tony Whitley is 26 Beaufort Gardens, Ascot, Berkshire SL5 8PG, Great Britain.
- (5) Applicant (Maxon) has a sufficient proprietary interest in the subject matter to justify the filing of the application. Enclosed is a declaration (**Exhibit B**) signed by Ian Harris, a Chartered Patent Attorney in the United Kingdom. Mr. Harris states that "... given my first hand knowledge of the United Kingdom Patent Acts, it is my opinion that the United Kingdom Patent Office or a United Kingdom court would award title of the invention to Maxon Systems Inc. (London) Ltd.
- (6) The filing date of the above-referenced application must be preserved to prevent irreparable damage to the applicant. On August 20, 1997, Maxon filed a patent application according to the provisions of the Patent Cooperation Treaty ("PCT"). The patent application was given PCT application no. PCT/GB97/02226. On February, 18 2000, Maxon Systems, filed an application in the United States

Tony Whitely  
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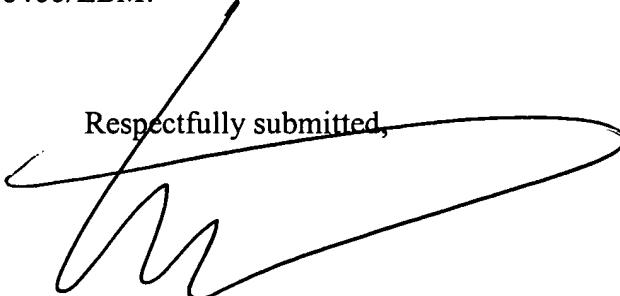
according to the national stage provisions of the PCT and the United States. An inventor's declaration was not filed at this time. On April 17, 2000, a Notification of Missing Requirements was mailed which stated that an oath or declaration must be furnished within one month from the date of the mailing of the Notification of Missing Requirements. To maintain the priority claim to PCT application no. PCT/GB97/02226, Maxon is required to file an inventor's declaration within the time period allotted by the Notification of Missing Requirements. Maxon Systems is filing the above-referenced application on behalf of the unavailable inventor to maintain a priority claim to PCT application no. PCT/GB97/02226.

Applicant submits that all of the provisions of 37 C.F.R. § 1.47(b) have been met by this response. Acceptance of this petition is respectfully requested.

Tony Whitely  
09/486,315

Applicant has enclosed a check that includes \$130 for the petition fee along with other fees. If any fees are inadvertently omitted or if any additional fees are required or have been overpaid, please appropriately charge or credit those fees to Conley, Rose & Tayon, P.C. Deposit Account Number 50-1505/5496-00400/EBM.

Respectfully submitted,

  
Eric B. Meyertons  
Reg. No. 34,876

Attorney for Applicant

CONLEY, ROSE & TAYON, P.C.  
P.O. BOX 398  
AUSTIN, TX 78767-0398  
(512) 703-1254 (voice)  
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Date: 10/01/00

PATENT

## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:  
Tony Whitley

§ Examiner: Unknown  
§ Group Art Unit: Unknown  
§  
§ Atty. Dkt. No.: 5496-00400  
§  
§

Serial No.: 09/486,315

Filed: February 18, 2000

For: COMMUNICATION APPARATUS  
AND METHOD FOR LOCATING  
STORED ENTRIES IN AN  
ELECTRONIC TELEPHONE  
DIRECTORY

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CERTIFICATE OF MAILING  
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Date

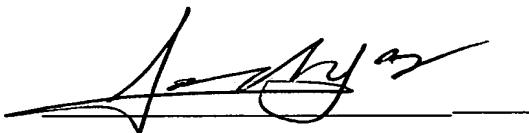
Deborah R. Powell

**DECLARATION PURSUANT TO 37 C.F.R. § 1.47(b)**

1. My name is Jai Chang Yang. I am an employee of Maxon Systems Inc. (London) Ltd. ("Maxon Systems").
2. Tony Whitley is listed as the sole inventor of the above-referenced patent application.
3. The above-referenced patent application was originally filed as PCT application no. PCT/GB97/02226 on August 20, 1997.
4. The above-referenced patent application was filed in the United States on February 18, 2000. The above-referenced patent application was submitted without an inventor's declaration.
5. On April 17, 2000, a Notification of Missing Requirements was mailed with regard to the above-referenced application. The Notification of Missing Requirements indicated that the inventor's declaration was missing.
6. A declaration was sent to the inventors' last known address for completion, which has not been returned. I declare that I do not now know the whereabouts of the

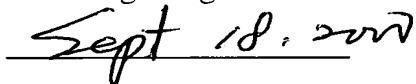
inventor.

7. The last know address of the inventor is: 26 Beaufort Gardens, Ascot, Berkshire SL5 8PG, Great Britain.
8. I hereby declare that all statements made of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.



Printed Name: Jai Chang Yang

Date:



PATENT

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In re Application of:

Tony Whitley

Serial No.: 09/486,315

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Date

Deborah R. Powell

DECLARATION IN SUPPORT OF A SHOWING OF PROPRIETARY INTEREST

1. My name is Ian Harris. I am a Chartered Patent Attorney in the United Kingdom.
2. According to Section 39 of the United Kingdom Patents Act 1977 (reproduced as Attachment 1), "Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of this Act and all other purposes if - (a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties; or (b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking."
3. I have read the inventor's declaration signed by Jai Chang Yang (a copy of which is enclosed as Attachment 2). The declaration is made by Jai Chang Yang as a

representative of "Maxon Systems Inc. (London) Ltd. ("Maxons Systems"). The declaration states that Tony Whately "worked as an employee for Maxon Systems at the time of the invention." This declaration also states that Tony Whately "made the invention as an employee of Maxon Systems in the course of his normal duties or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that the invention resulted from the carrying out of his duties."

4. I have not personally verified the statements made in the inventor's declaration signed by Jai Chang Yang identified above. However, assuming that those statements correctly reflect the circumstance of the making of the invention and given my first hand knowledge of the United Kingdom Patent Acts, it is my opinion that the United Kingdom Patent Office or a United Kingdom court would award title of the invention to Maxon Systems Inc. (London) Ltd.
5. I hereby declare that all statements made of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.



Ian Harris

Date: October 17, 2000

PART I, SECTION 38]

within two months from the date of the order if made by an old proprietor and four months if made by a former licensee. These periods are, however, extensible at the Comptroller's discretion under rule 110(1), for which see para. 123.36. Since the request is to be made directly to the new proprietor, no form is specified for the request. Nor is it required that the Comptroller be notified of the request, though it may be prudent to do so, but the request would then become of public record on the file of the patent. Rule 57 is analogous to rule 9 (reprinted at para. 8.04 and discussed in para. 11.05).

Any reference to the Comptroller, either by the new proprietor or the person seeking a licence, is to be made on PF 2/77 (reprinted at para. 140.02) under rule 58 (reprinted at para. 38.03). This rule is analogous to rule 13 (reprinted at para. 11.02 and discussed in para. 11.06).

*Employees' inventions [Sections 39-43]*

39.01

SECTION 39

*Right to employees' inventions*

39.—(1) Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of this Act and all other purposes if—

- (a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties; or
- (b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking.

(2) Any other invention made by an employee shall, as between him and his employer, be taken for those purposes to belong to the employee.

(3) Where by virtue of this section an invention belongs, as between him and his employer, to an employee, nothing done—

- (a) by or on behalf of the employee or any person claiming under him for the purposes of pursuing an application for a patent, or
- (b) by any person for the purpose of performing or working the invention,

shall be taken to infringe any copyright or design right to which, as between him and his employer, his employer is entitled in any model or document relating to the invention.

*Note.* Subsection (3) was inserted by Schedule 5, para. 11(1) [1988], with effect from January 7, 1991 (S.L. 1990 No. 2168).

## COMMENTARY ON SECTION 39

*General scope of provisions for "employees' inventions" (ss. 39-43)* 39.02

Section 39 is the first of a group of sections (ss. 39-43) headed "Employees' Inventions". This group defines a self-contained code for determining ownership of an "invention" (s. 39); regulates circumstances in which it would be "just" for an employer of such an "employee" to make payments, curiously termed "compensation", to that employee for the benefit which the employer has derived from a "patent" which has been granted for an "invention" made by the "employee" (s. 40); lays down guidelines for determining the quantum of such compensation (s. 41); renders unenforceable certain clauses in contracts of employment widely used before 1978 (s. 42); and limits the applicability of this group of sections to inventions made on or after June 1, 1978 and by persons "mainly employed" in the United Kingdom (including the Isle of Man). Some of the words in quotation marks in the preceding sentence are defined in section 43 (which is, in effect, a mini-interpretation section of ss. 39-42) and in section 130(1). These all receive discussion below and in the commentaries on the following sections 40-43.

The provisions of sections 39-43 were summarised, from the point of view of industrial relations, in a paper by Susan Cox ((1991) 3(1) IPB 2).

*Scope of section 39* 39.03

Section 39 is a provision of substantive, rather than procedural, law. It has effect in relation to the settlement of entitlement disputes under section 8, 12, 37 or 82; and to the question of "compensation" under section 40. It relates to rights in inventions made after June 1, 1978 (s. 43(1)) by persons normally resident in the United Kingdom (s. 43(2)), and has effect in relation to "parents and other protection" generally irrespective of where or how granted, see section 43(4) and para. 43.05. In all these matters it must first be decided who is the "inventor", a question on which the Act gives very little guidance, see para. 7.06 and the article by R. P. Lloyd noted therein. Section 39 then settles the question of ownership of inventions made by persons who are "employees", as between an employee and his "employer", provided that the invention was made by a person "mainly employed" in the United Kingdom (s. 43(2), as discussed in para. 43.03).

However, section 39 has no effect upon the ownership of inventions made before June 1, 1978 (s. 43(1)) and is therefore entirely inapplicable to "existing patents". The resolution of employee/employer disputes in relation to such patents continues to be determined under section 56 [1949], see paras. A056.03-A056.09. There are no provisions in the EPC, CPC or PCT relating to ownership of patent rights in inventions made by employees. These remain to be determined by individual national laws, generally (it is believed) applicable only to persons normally employed in the country in question. By the same token, section 39 relates to the ownership of patent rights anywhere in the world resulting from an invention made by a person who, at the time of making the invention (as to which, see para. 7.06), was "mainly employed" in the United Kingdom (see para. 43.03).

Section 39 also has no applicability to inventions made by non-employees. The disposition of patent rights arising from inventions made by such persons, however, remains subject to possible contractual obligations, for example in the case of research work commissioned from a non-employee. A contract between an employer and a third party concerning the disposition of patent rights of employee inventions can have no effect on patent rights which belong to an employee under subsection (1). That contract may then become incapable of fulfilment, the

consequences of which will depend upon the default provisions therein and the doctrine of frustration in the law of contract.

#### 39.04 Meaning of "invention" in sections 39-43

"Invention" (as used in s 39) is a term clearly wider than "patentable (or patented) invention", but is not defined: sections 1, 125 and 130, *inter alia*, deal only with inventions for which a patent under the Act has been applied for or granted. In *Viziball's Application* ([1988] RPC 213), it was held that "invention", as used in section 8, encompasses unpatentable subject-matter, whether because already known or because expressly excluded from the ambit of the Act (e.g. by ss. 1(2), 1(3) or 4(2)). For the purposes of section 39, it is immaterial whether a patent application has been filed or not. Note the phrase in the introductory part of subsection (1) "for ... all other purposes"; and the reference in section 43(4) to "other protection", particularly now that this provision had been amended specifically to relate also to section 39, see paras. 39.13 and 43.05.

This wide meaning of "invention" may well encompass many "suggestions" submitted by employees under company suggestion schemes. Care should, therefore, be taken to ensure that any rules of such schemes purporting to regulate the ownership of the submitted suggestions remain in harmony with the provisions of section 39. The effect of section 4(2) may also need to be considered, see para. 42.03, and of section 42(3), see para. 42.04. Although not a section 39 case, the nature and effect of the law of confidence in relation to suggestion schemes was examined in *Prouse v British Gas* ([1992] FSR 478).

#### 39.05 Meaning of "employee" for sections 39-43

"Employee" is defined for the purposes of the Act in section 130(1) by reference to a contract of employment, a definition closely similar to that in section 153 of the Employment Protection (Consolidation) Act 1978 (c. 44), but this definition was extended by the Armed Forces Act 1981 (c. 55), by amendment of section 42(4) and 130(1) by adding the words thereto "or a person who serves (or served) in the naval, military or air forces of the Crown" (see paras. 42.01 and 130.01), thereby equating members of the armed forces to employees [of the Crown] for the purposes of sections 39-43.

Also, the 1988 Act defines "employee", though for the purposes of copyright and design law only, as referring to employment "under a contract of service or of apprenticeship" (ss. 176 and 265(1) [1988]), thereby raising a doubt as to the position of apprentices in relation to the ownership of inventions made by them.

#### 39.06 The status of the inventor as employee

In most cases, the status of the inventor as employee is not in doubt, but difficult problems can arise with regard to directors (*Parsons v. Parsons*, [1979] FSR 254), who are not necessarily employees (*Parr's Patents*, SRIS O/46/94) and also with consultants, and the increasing number of "home workers". In such cases one must first determine if there is a contract at all, and then, if so, whether the contract is one "of service" or "for services". The question is one of law rather than fact (*Davies v. Presbyterian Church of Wales*, [1986] 1 WLR 323; [1986] IRLR 194 (HL)). An equity-holding partner in a firm is an employer of its staff and cannot therefore be said to be employed by it himself, but the ownership of shares in a company, even by a majority shareholder, is irrelevant as the company is an entity quite separate from its members (*Solomon v. Salomon & Co. Ltd.*, [1897] AC 22 (HL)).

Given the crucial difference in treatment of employees for tax and national insurance purposes, as well as for entitlement to social security benefits and employment protection rights (e.g. as regards redundancy, unfair dismissal, health and safety provisions, protection of pay when the employer becomes insolvent, etc.), a huge body of case law on the point has built up in employment law. To summarise it here is beyond the scope of this commentary, but in one of the leading cases (*O'Kelly v. Trusthouse Forte*, [1984] QB 90; [1983] 3 All ER 456 (CA)) it was said that, in order to determine employee status, all aspects of the relationship must be considered and no single factor is in itself decisive. One such factor is the label the parties themselves put on the relationship (*Narich Property v. Comer of Pay-Roll Tax*, [1984] ICR 285 (PC), following *Massey v. Crown Life Insurance*, [1978] 1 WLR 676; [1978] 2 All ER 576 (CA)). No single test is adequate in all circumstances, e.g. not the older "control" or master-and-servant test, but currently courts favour the so-called "economic reality" (or "mixed") test, see *Lee Ting Sang v. Chung Chi-Kwong* ([1990] 2 AC 374 (PC)), although that case involved compensation for employee injury where the plaintiff wished to be considered as an employee, whereas the opposite may be true in a case under section 39. The question in its simplest form is whether the person doing the work is in business on his own account or not, and whether there are mutual obligations between the alleged employer and alleged employee.

Cases in which it was held that that a creator was not an employee at the relevant time are: *Coffey's Registered Designs* ([1982] FSR 227), where the designer was at the time only a partner in an informal partnership under no trust obligation thereto or to a company incorporated only subsequently, and *Gleave's Patent* (SRIS O/22/88), where a referrer (in s. 37 proceedings) failed to prove that the patent proprietor was an employee at the relevant time and where it appeared that the alleged employer company had not then been incorporated. In *Stablocel's Applications* (SRIS O/3/91, noted IPD 14101), the referrer in entitlement proceedings failed to prove that he had made the invention during a short period when he was unemployed following redundancy from, and liquidation of, his former employer and his re-engagement by the successor thereto.

Where an employee is seconded by the employer to a third party then, in the absence of a contrary agreement, his/her inventions will in the circumstances described in subsection (1) belong to the employer and not to the third party, although of course the employer is free to assign all rights in the invention to that third party (*Defence Technology's Application*, SRIS O/77/93, noted IPD 16124).

#### *Ownership of employee inventions by an employer*

##### *—The basic rule*

39.07

The introductory phrase of subsection (1) simply sweeps away any rule evolved under the common law before June 1, 1978 (*Harris's Patent* [1983] RPC 19). This renders precedents decided under the common law of no assistance for subsection (1)(a) cases and of only limited help in subsection (1)(b) cases. The factual situation can be proved under subsection (1)(a) either by reference to the employee's "normal duties" or to other duties "specifically assigned to him", whereas subsection (1)(b) provides a third gateway through which an employer can claim rights, by reference to the employee's "particular responsibilities" and an existing "special obligation", though still provided that the invention was made within the scope of the duties of that employee.

Although the question of onus of proof under section 39 is not free from doubt, the better view is that an employee will own his invention by virtue of subsection (2) unless his employer can prove that the situation under either part of subsection

PART I, SECTION 39]

(1)(a) or under subsection (1)(b) exists in fact. However, in entitlement proceedings under section 8, 12, 37 or 82, the Comptroller holds the view that the referrer has the onus of proving its contentions. This view, based on section 7(4), i.e. when a patent application has already been filed, is open to the criticism that it overlooks the effect of section 39(2). It is submitted that the better view, supported by *Harris's Patent* (*supra*), is that, when section 39 is under consideration, the onus should be on the employer to show that the facts correspond to one of the situations in section 39(1) irrespective of whether it was the employer or the employee who was the applicant of the disputed application.

For each of the three gateways of subsection (1) a two-stage inquiry is required, the first stage being broadly common to each of these, viz. the establishment of the actual duties of the employee. The second stage is then: (in both parts of subs. (1)(a)) consideration of the circumstances in which the invention was made; and (in subs. (1)(b)) consideration of the particular responsibilities and obligations of the employee. As *Harris* (*supra*) shows, the Comptroller or court will not be satisfied with job titles but will "lift the veil" to establish the detailed facts.

These facts will often show that a person, though an employee, engages in a number of activities at different times. Not all those activities may be "duties" of employment at all. For example, the position of university lecturers is particularly obscure in relation to their research activities if they are engaged primarily to teach, with spare time allowed for research, but no obligation to carry it out. The position of such persons was discussed by W. R. Cornish in "Rights in university innovations: The Hertford Smith lecture for 1991" ([1992] EIPR 15).

Subsections (1) and (2) are mutually exclusive as between employer and employee. It is submitted that this overrides the Comptroller's discretionary powers under sections 8 and 37 to grant a patent to joint proprietors where these would be employer and employee and confirms the position under the 1949 Act, as decided in *Paicear v. Sterling* ((1955) 72 RPC 50 (HL)). However, in *Szucs' Application* (SRIS O/27/88, noted IPD 11014) (decided under s. 37), ownership was awarded to the employee, but with a free licence under the patent to the employer. The Comptroller stated that joint proprietorship was unattractive, but did not suggest (as it seems he should have) that the law precluded this.

In *Pearl's Patent* (SRIS O/209/87) the Comptroller did not accept an argument that conception of an invention outside working hours fell outside the scope of an employee's duties, while accepting that the invention was not made in the course of the referrer's normal or specifically assigned duties for the purposes of subsection (1)(a). The decision can be criticised because, for the purposes of subsection (1)(b), it must first be shown that the invention was made in the course of the duties of the employee, before proceeding to focus on the "special obligations", i.e. more than the general duty of fidelity.

The Comptroller has been prepared to hold (in an uncontested case) that all rights in an invention belong to the employer when the inventor had apparently been employed to carry out duties relating to the invention (*Travenol Laboratories' Application*, SRIS O/45/90, noted IPD 13141); but in *Hamill's Application* (SRIS O/149/92), he was careful to find that the invention had been made in the course of the normal duties of the employee and was the type of invention which could be expected to result from the carrying out of those duties. In *Defence Technology's Application* (SRIS O/77/93, noted IPD 16124), the referrer failed to prove his invention was not made in those circumstances. In an interlocutory application in a copyright case, it was held not to be unarguable that "moonlighting" falls within the phrase "in the course of employment" (*Mixing Link Software v. Magee* [1989] FSR 361). Decisions given by the Comptroller on entitlement and inventorship disputes prior to 1990 were reviewed by T. Z. Gold ([1990] EIPR 382).

*-The employee's normal duties*

39.08

In *Harris's Powers* ([1985] RPC 19), the "normal duties" of an employee were defined as the actual duties which he was employed to do. Thus, an employee's "normal duties" will be those defined by his contract of employment, including additional terms which may be implied, e.g. the duty of good faith and terms which are incorporated from collective agreements between employers and trade unions, from custom and practice, and from ancillary documents such as pre-employment correspondence, engagement letters, handbooks, works rules, notices on notice boards, etc. In *Harris* (*supra*), it was held never to have been part of the duties of the employee to turn his mind to solving technical problems.

*Harris* also settled the controversy over the scope of the implied term of an employee's duty of good faith, sometimes referred to as the duty of fidelity. It is co-extensive with, and does not go beyond, contractual duties. In this, *Harris* followed *United Sterling v. Felton and Mannion* ([1974] RPC 162) in which it was stated that the duty of fidelity expires at the moment the contract of employment terminates, though there is a continuing obligation not to disclose the employer's confidential information (*Faccenda Chicken v. Fowler*, [1986] FSR 291 (CA)). It should be noted, however, that contractual duties beyond that of fidelity may be implied (*Attorney-General v. Guardian Newspapers* (No. 2), ([1989] 2 FSR 181; [1988] 3 All ER 545, the "Spycatcher" case).

In *Secretary of State for Defence's Application* (SRIS O/135/89, noted IPD 13063), the Comptroller saw no distinction between "official" and "normal" duties, and, where research workers had investigated whether a particular topic should become an approved research product, this was regarded as part of their normal duties. In *British Gas's Application* (SRIS O/176/92), the employed inventor was unsuccessful in his claim to ownership. Some years after he had left his employer's service division and while working on his own initiative, though with the knowledge of the employer and using the employer's materials, the invention was made. The inventor reported this and suggested the filing of a patent application. In these circumstances the invention was held to have been made during the course of the inventor's normal duties. Likewise, in *Greater Glasgow Health Board's Application* (SRIS O/136/94), the inventor was employed as a clinical hospital registrar and research facilities were made available to him. It was held that his normal duties included trying to improve patient treatment and that this included considering the modification of an existing ophthalmic instrument.

*-Duties specifically assigned to employee*

39.09

In *Secretary of State for Defence's Application* (SRIS O/135/89, noted IPD 13063), specifically assigned duties were stated to be duties which are not the standard or everyday duties for which a person is normally employed. Given that it is an implied term of a contract of employment that an employee must obey lawful orders, and that an order to carry out duties outside the contract is a breach of that contract and is thus unlawful (unless an employee agrees and there is some consideration to support the consensual variation), an employee who carries out specifically assigned duties under protest and reserving his position may not be caught by subsection (1)(b); and see para. 39.12. For a discussion of an employee's duties falling outside of his normal duties, but specifically assigned to him, see the article by B. Berlusson ([1980] EIPR 257).

*-Performance of normal or specifically assigned duties*

39.10

The second stage of inquiry under subsection (1)(a) is concerned with whether the performance of the duties, as established in the first stage, is expected to result

PART I, SECTION 39]

In an invention. *Harris's Patent* ([1985] RPC 19) settled that the words "an invention" have a narrower meaning than "any invention", but are wider in scope than "the invention the subject of the dispute". But it is still unclear whose expectations are decisive, the employer's or the employee's, and whether the time of the expectation is the date of commencement of the duties in question or the date when the invention is made.

It is arguable that subsection (1)(a) achieves the same result as had been reached by 1977 under the common law, albeit by a different route. Thus, in *Electrolier v. Hudson* ([1977] FSR 312), a clause in a contract of employment under which the employer claimed ownership of an employee's invention was declared void as being wider than required to protect the employer's legitimate interest and therefore against public policy and in restraint of trade, in effect for not being confined to inventions flowing naturally from the performance of the employee's duties. On this basis former precedents may still have some persuasive value.

39.11 —Employees with special obligations

Subsection (1)(b) provides the third gateway whereby an employer can establish ownership of an invention made by an employee. The invention must still be one made "in the course of the duties of the employee". Then, in addition, the employee must be one who, at the relevant time, had a special obligation to the employer, arising from the nature of his duties and responsibilities, to further the interest of the employer's undertaking. The omission of "normal" in the reference to "duties" is no doubt deliberate and in contrast to subsection (1)(a). Subsection (1)(b) clearly covers employees in senior management whose duties are not so closely definable as to make "normal" meaningful in relation thereto. Thus, in *Pearl's Patent* (SRIS O/209/87), a works manager was held not to have discharged the onus on him to show that he did not have an obligation which extended to an invention he made at a time when he had been instructed not to involve himself in research and development matters. However, just how far down in the hierarchy of a given organisation one can go before an employee will cease to be covered by subsection (1)(b), irrespective of his inventions being covered by subsection (1)(a), will always be a difficult question.

In *Defence Technology's Application* (SRIS O/77/93, noted IPD 16124), a high-grade employee was seconded to a key position in the organisation of a third party and made an invention, the ownership of which he disputed. There were no written provisions as to ownership of inventions by the employer, the employee or the third party. It was held that the employee owed a special obligation to further his employer's interests and that, on the balance of probabilities, the employer would have assigned the rights under the invention to the third party. The fact that, shortly after making the invention, the employee became employed by the third party without any real change in his job duties but under a contract which did deal with ownership of inventions, supported the finding that the invention made during the secondment should also belong to the third party.

In *Rutter and Pape's Applications* (SRIS O/143/94), the applicants had been joint managing directors of a company. Although the normal duties of each of them did not include the making of inventions, their executive position was such that their invention rights were owned by that company. A less clear case of an inventor having a special obligation to further the interests of his employer because of his seniority and executive responsibilities is *Saeng's Patent* (SRIS O/131/94).

39.12 —Employee holding invention on constructive trust for employer

Where it is established that the employee is entitled to the benefit of an invention held on trust for him by the employer, the common law of constructive trusts will

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[PART I, SECTION 39]

come into force, as discussed in the book by J. Phillips and M. I. Hoelahan, "Employees' Inventions in the United Kingdom" (ESC Publishing Ltd, 1982). In such a trust the employee not only takes the benefit, but also the liabilities, of the resulting trusts (*Triplex v. Scorah*, (1938) 55 RPC 21). The employee is then entitled to compensation for any expenditure he may have incurred in developing and protecting the invention, as was required in *Hindmarch and Horner's Application* (SRIS O/158/80, noted IPD 3147). In the case where an employer solicits the aid and services of an employee beyond the scope of his normal duties without any "consideration" or promise of remuneration subsequent to his performance of the requested services, the employee may have a quasi-contractual remedy of *quantum meruit* to recover the value of those services from the employer.

*Application of section 39 to particular cases*

39.13

The application of the principles set out in section 39(1) to particular facts usually arises in proceedings under section 8, 12, 37 or 82 (determination of entitlement to patent ownership). Decisions on these are therefore discussed mainly in the commentary on section 37 at para. 37.12, but see also para. 8.10. The applicability of section 39 to members of the academic staff of a university has been discussed by W. R. Cornish, see para. 39.07, along with the rather different rule for ownership of copyrights created by an employee.

*Decisions under the common law*

39.14

Precedents decided under common law principles should be treated with considerable caution, see para. 39.07. This is partly due to the inconsistency of pre-1973 cases such as *British Syphon v. Homewood* ([1956] RPC 225 and 330) and *Seitz's Application* ((1954) 71 RPC 153 (PAT)); and partly because these cases were generally concerned to determine, as a first step, whether the invention was made "in the course of employment", for example as in *Hindmarch and Horner's Application* (SRIS O/158/80, noted IPD 3147), decided under s. 56 [1949]. It is submitted that the phrase "duties of an employee" in section 39(1) has a narrower meaning. Whether an act was "in the course of employment" has been the subject of numerous labour law cases involving, e.g. employers' vicarious liability for their employees' acts, and is closely bound up with the concept of authorisation, express or implied, for a given act.

*Determination of inventor ownership disputes*

39.15

An inventorship dispute can arise under section 13 (mention of inventor) or under section 8, 12, 37 or 82 (determination of question of entitlement). Employee-employer ownership disputes on "existing patents" are resolved under section 56 [1949]. The procedure for resolving such disputes is discussed in the commentaries on these sections.

*Settlement of disputes by employers*

39.16

Employers will naturally seek to settle inventorship disputes with, or between, their employees by informal and internal procedures. If this is to be done, it is important that the procedures used by the employer should be fair, not too lengthy, and generally comply with rules of natural justice.

There is an overriding implied term in a contract of employment that employers will not, without reasonable and proper cause, conduct themselves in a manner

calculated or likely to destroy or seriously damage the implied (or express) obligation of trust and confidence between employer and employee, see *United Bank Limited v. Akhtar* ([1989] IRLR 507 (EAT)). The application of this implied term can prohibit actions which would on the face of the contract be legitimate for the employer, and in so far as an express contractual term gives an employer a discretion, it should not be exercised in a capricious way, see *White v. Refining Roadmuds Limited* ([1991] IRLR 31 (EAT)).

In an interlocutory case, *Newns v. British Airways* ([1992] IRLR 575), the Court of Appeal stated that there was an implied contractual duty of "good faith" on the employer, requiring fair dealing with employees, and a breach of this duty could be restrained by an injunction. It may therefore be argued that the implied term enunciated in *Akhtar, supra* (and possibly the implied duty found in *Newns*) is a fundamental term in the contract of employment a breach of which entitles an employee (with a qualifying period of service, currently of two years) to resign and claim compensation for unfair constructive dismissal under section 57(1)(c) of the Employment Protection (Consolidation) Act 1978 (c. 44), see in general *Western Excavating v. Sharp* ([1978] QB 781; [1978] 1 All ER 713 (CA)).

### 39.17 Contrast with employer ownership of copyrights and design rights created during employment

Sections 11(2) and 215(3) [1988] have effect respectively to pass first ownership of copyrights and design rights created by an employee "in the course of his employment" automatically to the employer, subject in the latter case only to the prior right of one who commissioned the making of the design. A topography right is treated in the same way as a design right, except that here the statutory provision may be varied by a written agreement (Design Right (Semiconductor Topographies) Regulations 1989, S.I. No. 1100, s. 2, 5).

First ownership of registered designs is also now governed as for a design right (Registered Designs Act 1949 (c. 88), s. 2(1B) as inserted by s. 267 [1988] and as reprinted in Sched. 4, para. 2(1B) [1988]). If, as seems to be clearly the case, this phrase is wider in scope than the combined effect of the three gateways of section 39(1), then decisions in relation to these other types of intellectual property rights will have no direct effect on the interpretation of section 39.

Conversely, having regard to the lack of definition of "invention" in section 39 and the presence in the introductory passage of subsection (1) of the phrase "for the purposes of this Act and all other purposes" (emphasis added), it may be that section 39 has the unexpected effect of modifying the ownership regimes in the above-mentioned Acts and Regulations if the design or copyright work can be said to be an "invention"; and this may be due to the interpretation of "other protection" in section 43(4), see para. 43.05.

Aside from the argument whether a design or copyright work is nevertheless also an "invention", a dichotomy between employees' rights in different species of intellectual property will often arise from the same, or closely associated, acts leading to a position where, even though an employee may own patent rights because the employer is unable to establish any of the criteria of subsection (1), nevertheless the employer may own associated copyrights, design rights, registered designs, etc., because these have been created by the same employee "in the course of his employment".

### 39.18 Employees' immunity under associated copyrights and design rights (subs. (3))

To alleviate the position set out in para. 39.17, subsection (3) was added, and an amendment made to section 43(4) by the 1988 Act (Sched. 1, para. 11). Under new

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subsection (3), where by virtue of subsection (2) an invention belongs to an employee, rather than to the employer, then nothing done by or on behalf of the employee, or his successor in title, for the purpose of prosecuting an application for a patent, or by any person for the purpose of performing or working the invention, "shall be taken to infringe any copyright or design right" in "any model or document" to which the employer is entitled, rather than the employee. It seems slightly odd that subsection (3) does not include a reference to registered designs, but a possible explanation is that the legislator could not conceive of a registrable design as an "invention", given the exclusions from registrability in section 1 of the Registered Designs Act 1949, as amended by the 1988 Act.

Thus, employers will not be able to use these other intellectual property rights to prevent employees from obtaining patents on their own inventions. Also, new subsection (3)(b) is presumably intended to provide a defence in any action for infringement of any copyright or design right arising from a model or document to which the employer is entitled. However, this provision may not be as wide as it seems at first sight. It is clearly intended to apply to copyrights of which the employee in question is the author (designer) but, as regards documents or models created by the employee's colleagues, the resulting copyright or design right may not perhaps be a right "between him [the employee] and the employer".

The amendment to section 43(4) has the effect that any reference to "patent" in section 39 extends to a "patent or other protection" granted, whether under the law of the United Kingdom or otherwise. This provision is discussed further in para. 43.05. However, in its application to section 39(3) (the word "patent" not appearing otherwise in s 39), it is difficult to see how United Kingdom law can effectively provide a defence to an action brought in another country for infringement of an intellectual property right: in that country unless perhaps a United Kingdom court would grant an injunction against the employer entity to prevent it from seeking to assert its foreign "protection" contrary to section 39(3)(b), as extended by section 43(4). Also, because copyrights (and design rights) are not "granted", the provision may be ineffective anyway, see para. 43.03.

#### PRACTICE UNDER SECTION 39

##### *Keeping of records*

39.19

Whether section 39(1) applies to an invention made by an employee depends on the circumstances in which an invention was made. In the interest of both employer and employee, it is most desirable to set out in writing the employee's normal duties, whether the employee has any special duties or obligations, to record any change in the employee's normal duties and when any other duties are specifically assigned thereto with the employee's consent, as well as the consideration therefor.

It must be a question of fact whether an employee might reasonably be expected to make inventions in carrying out his/her normal, or assigned and accepted, duties. An attempt can be made to deal with this point in the contract of service, but in cases of doubt past experience of the employer as to whether a particular class of employee (e.g. a sales engineer) has made, or been expected to make, inventions as a result of carrying out the employee's normal duties might be relevant in determining ownership of the invention.

In the interests of certainty it may be desirable, before a patent application is filed, that an employee-inventor be asked to sign a declaration as to the ownership of the invention. In any event, personnel records of inventors should be maintained for at least one year after the patent has ceased to have effect, see rule 59(2) reprinted at para. 40.02. An attempt may be made to claim inventorship many years after the application was filed, see para. 13.10. Papers by K. Hodgkinson in *The*

*Company Lawyer* ((1986) Vol. 2, 146 and 183) contain useful hints on the keeping of records of employee inventions, the handling of ownership claims, and the management of employee inventions. Specimen documentation is provided at the end of this second paper.

40.01

## SECTION 40

### Compensation of employees for certain inventions

(1) Where it appears to the court or the comptroller on an application made by an employee within the prescribed period that the employee has made an invention belonging to the employer for which a patent has been granted, that the patent is (having regard among other things to the size and nature of the employer's undertaking) of outstanding benefit to the employer and that by reason of those facts it is just that the employee should be awarded compensation to be paid by the employer, the court or the comptroller may award him such compensation of an amount determined under section 41 below.

(2) Where it appears to the court or the comptroller on an application made by an employee within the prescribed period that—

- (a) a patent has been granted for an invention made by and belonging to the employee;
- (b) his rights in the invention, or in any patent or application for a patent for the invention, have since the appointed day been assigned to the employer or an exclusive licence under the patent or application has since the appointed day been granted to the employer;
- (c) the benefit derived by the employee from the contract of assignment, assignation or grant or any ancillary contract ("the relevant contract") is inadequate in relation to the benefit derived by the employer from the patent; and
- (d) by reason of those facts it is just that the employee should be awarded compensation to be paid by the employer in addition to the benefit derived from the relevant contract;

the court or the comptroller may award him such compensation of an amount determined under section 41 below.

(3) Subsections (1) and (2) above shall not apply to the invention of an employee where a relevant collective agreement provides for the payment of compensation in respect of inventions of the same description as that invention to employees of the same description as that employee.

(4) Subsection (2) above shall have effect notwithstanding anything in the relevant contract or any agreement applicable to the invention (other than any such collective agreement).

(5) If it appears to the comptroller on an application under this section that the application involves matters which would more properly be determined by the court, he may decline to deal with it.

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**DECLARATION**

As a below named representative of Maxon Systems Inc. (London) Ltd. ("Maxon Systems"), I hereby declare that:

The below named inventor worked as an employee for Maxon Systems at the time of the invention. The below named inventor made the invention as an employee of Maxon Systems in the course of his normal duties or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that the invention resulted from the carrying out of his duties. As an officer of Maxon Systems, I am submitting this declaration on behalf of the below named inventor, who cannot be found or reached.

The last known residence, post office and citizenship of the inventor are as stated below next to the inventor's name.

I believe that the below named inventor is the original, first and sole inventor (if only one name is listed below) or the below named inventors are the original, first and joint inventors (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled **COMMUNICATION APPARATUS AND METHOD FOR LOCATING STORED ENTRIES IN AN ELECTRONIC TELEPHONE DIRECTORY**, the specification of which:

       is attached hereto.  
X was filed on February 18, 2000 as Application Serial No. 09/486,315.

I hereby state that I have reviewed and understand the contents of the above identified specification, including the claims, as amended by any amendment referred to above.

I acknowledge the duty to disclose to the Patent and Trademark Office all information known to me to be material to patentability of the subject matter claimed in this application, as "materiality" is defined in Title 37, Code of Federal Regulations, § 1.56.

I hereby claim foreign priority benefits under Title 35, United States Code, § 119 of any foreign application(s) for patent or inventor's certificate listed below and have also identified below any foreign application for patent or inventor's certificate having a filing date before that of the application on which priority is claimed:

PRIOR FOREIGN APPLICATION(S)			Priority <u>Claimed</u>
<u>PCT/GB97/02226</u> (Number)	<u>PCT</u> (Country)	<u>August 20, 1997</u> (Date Filed)	Yes
<u>N/A</u> (Number)	<u></u> (Country)	<u></u> (Date Filed)	Yes/No

I hereby claim the benefit under Title 35, United States Code, § 120 of any United States application(s) listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United States application in the manner provided by the first paragraph of Title 35, United States Code, § 112, I acknowledge the duty to disclose all information known to me to be material to the patentability of the subject matter claimed in this application, as "materiality" is defined in Title 37, Code of Federal Regulations, § 1.56, which become available between the filing date of the prior application and the national or PCT international filing date of this application:

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N/A (Application Serial No.)	(Filing Date)	(Status)
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N/A (Application Serial No.)	(Filing Date)	(Status)
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I hereby claim the benefit under title 35, United States code §119(e) of any United States provisional application(s) listed below:

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Please direct all communications as follows:

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I hereby declare that all statements made of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

Inventor's Full Name: Tony Whitley

Last Known Country of Residence: Great Britain Citizenship: Great Britain

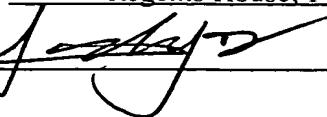
Last Known Post Office Address: 26 Beaufort Gardens, Ascot, Berkshire SL5 8PG  
(Include number, street name, city, state and zip code)

Applicant's Name: Maxon Systems Inc. (London) Ltd.

Name of Person Signing: Jai Chang Yang

Title of Person Signing: Managing Director

Applicant's Address: Regents House, 1-3 Queensway, Redhill, Surrey RH1 1NH

Signature:  Date: Sept 18, 2002